

Message Text

CONFIDENTIAL

PAGE 01 ROME 00892 221145Z

17

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 FEA-01 IO-10

/100 W

----- 122076

R 211702Z JAN 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 0000

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L ROME 0892

E.O. 11652: GDS

TAGS: ENRG, IT

SUBJECT: REVIEW OF ITALIAN ENERGY CONCERNS

REF: STATE 8375

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 00892 221145Z

1. DURING REVIEW OF ENERGY PROGRAM OUTLINED IN PRESIDENT FORD'S

STATE OF THE UNION MESSAGE WITH MFA COUNSELOR COSTA (OFFICE VII-ECONOMIC: INTERNATIONAL ENERGY PROBLEMS), DISCUSSION TURNED TO MAJOR ITALIAN CONCERNS, SOME UNDOUBTEDLY TO BE REFLECTED ITALIAN POSITIONS IN IEA OR OTHER ENERGY FORUMS.

2. PRICE OF OIL: ITALY UNDERSTANDS US CONCERN RE DIWNSIDE GUARANTEES SUPPORTING INVESTMENTS IN NEW ENERGY SOURCES AND SECURITY IMPLICATIONS IMPLICIT IN THE REDUCTION OF DEPENDENCE UPON OPEC SOURCE OIL. NEVERTHELESS, GOI CONSIDERS INDEPENDENCE A CHIMERICAL GOAL IN THE ITALIAN CONTEXT: OVER 80 PERCENT TOTAL ENERGY CONSUMPTION IMPORTED, LARGELY IN FORM OF PETROLEUM, WITH NO FORESEEABLE POSSIBILITY ACHIEVING SIGNIFICANT SELF SUFFICIENCY. CONCURRENTLY, ITALY STAGGERING UNDER OIL-LINKED BALANCE-OF-PAYMENTS DEFICIT APPROACHING US DOLS 7.1 BILLION IN 1974. THUS, GOI MORE DISPOSED TO CONSIDER ACTION AIMING AT REDUCTION IN PRICE OF OIL OR AT VERY LEAST, SETTING FLOOR PRICE FOR ENERGY AT LEVELS AS LOW AS POSSIBLE.

3. US AS ENERGY EXPORTER: COSTA SEIZED UPON STATEMENTS IN PRESIDENT'S SPEECH THAT ONE CAUSE OF THE OPEC CARTEL'S EFFECTIVENESS WAS DISAPPEARANCE OF US' QUOTE SURPLUS CAPACITY UNQUOTE IN TOTAL ENERGY AND LATER STATEMENT THAT US WOULD HAVE THE ABILITY TO SUPPLY A QUOTE SIGNIFICANT SHARE OF THE ENERGY NEEDS OF THE FREE WORLD BY THE END OF THIS CENTURY UNQUOTE. COSTA POINTED OUT THAT THIS COULD HAVE SUBSTANTIAL IMPLICATIONS FOR ITALIAN POLICY, AND ASKED FOR MORE DETAILS. COMMENT: EMBASSY DOES NOT HAVE NECESSARY BACKGROUND INFORMATION TO RESPOND SATISFACTORILY TO COSTA'S QUESTION, AND WOULD APPRECIATE ASSISTANCE FROM THE DEPARTMENT. END COMMENT.

4. TECHNOLOGY TRANSFAM: COSTA NOTED THAT R AND D FOR NEW ENERGY SOURCES SEEMED TO BE WELL COORDINATED, BUT THAT COMMERCIAL REALIZATION STEMMING FROM BREAKTHROUGHS IN THESE AREAS WOULD BE SOME TIME OFF. COSTA EXPRESSED HOPE THAT SOME WAY COULD BE FOUND TO TRANSFER TECHNILIGY ALREADY COMMERCIALY EXPLOITED AT REASONABLE PRICES AND UNDER CONDITIONS WHICH WOULD IMPROVE TECHNOLOGICAL CAPABILITY OF COUNTRIES, SUCH AS ITALY, NOW NOT POSSESSING SUCH RESOURCES. MUCH OF THE TECHNOLOGY RELATED TO NUCLEAR REACTORS COULD BE CHARACTERIZED IN THIS MANNER, AND COSTA SUGGESTED THAT LICENSING FEES WERE A SIGNIFICANT AND COSTLY ELEMENT IN THE

CONFIDENTIAL

PAGE 03 ROME 00892 221145Z

SWITCH FROM PETROLEUM-BASED TO NUCLEAR POWER.

5. TRADE WITH OPEC COUNTRIES: COSTA CITED ASSISTANT SECRETARY TREASURY PARSKY'S REMARKS PURPORTEDLY UNFAVORABLE TO QUOTE TRIANGULAR DEALS UNQUOTE; THAT IS, PROJECTS IN LDC'S FINANCED BY OIL PRODUCERS. COSTA SUGGESTED THAT SUCH ARRANGEMENTS COULD BE USEFUL IN SPEEDING TRANSFERS OF REAL RESOURCES TO REDUCE THE FINANCIAL CLAIMS HELD BY THE PRODUCING COUNTRIES. ITALY, ACCORDING TO COSTA, HAS GREAT

INTEREST IN SUCH ARRANGEMENTS: PARTLY, SUCH DEALS IMPROVE THE
BALANCE OF PAYMENTS AND AS WELL, EXPORTS WOULD STIMULATE THE ITALIAN
ECONOMY CHARACTERIZED PRESENTLY BY A CONSIDERABLE AMOUNT OF SLACK.
COMMENT: THE EMBASSY DOES NOT HAVE ANY SPEECHES BY ASST. SEC.
PARSKY TO THIS EFFECT. IT IS POSSIBLE THAT COSTA HAS MISINTERPRET-
ED US RESISTANCE TO IMF AND OTHER PROPOSALS TO RELEND PRODUCER COUNTRY

FUNDS. VOLPE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, POLICIES, PETROLEUM, PETROLEUM PRODUCTION, AGREEMENTS, FOREIGN POLICY POSITION, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME00892
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750023-1141
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750133/aaaabdbg.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 8375
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2003 by MartinML>; APPROVED <03 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REVIEW OF ITALIAN ENERGY CONCERNS
TAGS: ENRG, IT, IEA, (FORD, GERALD R)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006